

DEPARTMENT OF ENERGY

Southwestern Power Administration

Integrated System Power Rates

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of extension.

SUMMARY: The Deputy Secretary of Energy, acting under Amendment No. 3 to Delegation Order No. 0204-108, dated November 10, 1993, 58 FR 59717, and pursuant to the implementation authorities in 10 CFR 903.22(h) and 903.23(b), has approved Rate Order No. SWPA-35 which extends the existing power rates for the Integrated System. This is an interim rate action effective October 1, 1997, and extending for a period of six months through March 31, 1998.

FOR FURTHER INFORMATION CONTACT: Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, Department of Energy, P.O. Box 1619, Tulsa, Oklahoma 74101-1619, (918) 595-6696.

SUPPLEMENTARY INFORMATION: The existing rate schedules for the Integrated System were approved on a final basis by the Federal Energy Regulatory Commission on September 18, 1991, for the period ending September 30, 1994. These rates were extended on an interim basis by the Deputy Secretary of Energy on August 24, 1994, August 8, 1995, and September 23, 1996. The rates expire on September 30, 1996.

The FY 1997 Integrated System Power Repayment Study indicates the need for a 3.3 percent (\$3,212,635) annual revenue increase. Based on the revenue requirement needed to meet repayment criteria, Southwestern Power Administration (Southwestern) has announced in the **Federal Register**, on August 22, 1997, its intention to file new Integrated System rates and provided for a 90-day public comment period pursuant to requirements set forth in 10 CFR 903. In order to provide time in which to complete the public participation process and implement the new rates by January 1, 1998, Southwestern is seeking a six-month extension of current rates. This extension will provide a three-month contingency period if unforeseen difficulties should arise that would create a delay in the January 1, 1998, implementation date, and avoiding the need for an additional extension.

The Deputy Secretary is authorized to implement such temporary extension based on authorities provided in 10 CFR 903.22(h) and 903.23(b) and

Amendment No. 3 to Delegation Order No. 0204-108.

Following review of Southwestern's proposal within the Department of Energy, I approved, Rate Order No. SWPA-35, which extends the existing Integrated System rates for six months beginning October 1, 1997.

Dated: September 19, 1997.

Elizabeth A. Moler,
Deputy Secretary.

Order Approving Extension of Power Rates on an Interim Basis

(October 1, 1997)

Pursuant to Sections 302(a) and 301(b) of the Department of Energy Organization Act, Public Law 95-91, the functions of the Secretary of the Interior and the Federal Power Commission under Section 5 of the Flood Control Act of 1944, 16 U.S.C. 825s, for the Southwestern Power Administration were transferred to and vested in the Secretary of Energy. By Delegation Order No. 0204-108, effective December 14, 1983, 48 FR 55664, the Secretary of Energy delegated to the Deputy Secretary of Energy on a non-exclusive basis the authority to confirm, approve and place into effect, on an interim basis, power and transmission rates, and delegated to the Federal Energy Regulatory Commission (FERC) on an exclusive basis the authority to confirm, approve and place in effect on a final basis, or to disapprove power and transmission rates. Amendment No. 1 to Delegation Order No. 0204-108, effective May 30, 1986, 51 FR 19744, revised the delegation of authority to confirm, approve and place into effect on an interim basis power and transmission rates by delegating such authority to the Under Secretary of Energy rather than the Deputy Secretary of Energy. This delegation was reassigned to the Deputy Secretary of Energy by Department of Energy (DOE) Notice 1110.29, dated October 27, 1988, and clarified by Secretary of Energy Notice SEN-10-89, dated August 3, 1989, and subsequent revisions. By Amendment No. 2 to Delegation Order No. 0204-108, effective August 23, 1991, 56 FR 41835, the Secretary of the Department of Energy revised Delegation Order No. 0204-108 to delegate to the Assistant Secretary, Conservation and Renewable Energy, the authority which was previously delegated to the Deputy Secretary in that Delegation Order. By Amendment No. 3 to Delegation Order No. 0204-108, effective November 10, 1993, the Secretary of Energy re-delegated to the Deputy Secretary of Energy, the authority to confirm, approve and place

into effect on an interim basis power and transmission rates of the Power Marketing Administrations. This rate order is issued by the Deputy Secretary pursuant to said Amendment to Delegation Order No. 0204-108.

This is a temporary rate extension. It is made pursuant to the authorities as implemented in 10 CFR 903.22(h) and 903.23(b).

Background

Southwestern Power Administration (Southwestern) currently has marketing responsibility for 2.2 million kilowatts of power from 24 multiple-purpose reservoir projects, with power facilities constructed and operated by the U.S. Army Corps of Engineers, generally in all or portions of the states of Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas. The Integrated System, comprised of 22 of the projects, is interconnected through a transmission system presently consisting of 138- and 161-kV high-voltage transmission lines, 69-kV transmission lines, and numerous bulk power substations and switching stations. In addition, contractual transmission arrangements provide for integration of other projects into the system.

The remaining two projects, Sam Rayburn Dam and Robert Douglas Willis, are isolated hydraulically and electrically from the Southwestern transmission system, and their power is marketed under separate contracts through which the customer purchases the entire power output of the project at the dam. A separate Power Repayment Study (PRS) is prepared for each isolated project, and each has a special rate which is not a part of this study.

The existing rate schedules for the Integrated System were confirmed and approved on a final basis by the FERC on September 18, 1991, for the period October 1, 1990, through September 30, 1994. These rates were extended for one year periods on an interim basis by the Deputy Secretary of Energy on August 28, 1994, on August 8, 1995, and again on September 23, 1996. These rates are now scheduled to expire September 30, 1997.

Pursuant to implementing authority in 10 CFR 903.22(h) and 903.23(b), the Deputy Secretary of Energy may extend a FERC-approved rate on a temporary basis without advance notice or comment pending further action. Southwestern is in the process of its rate development and public participation process. The FY 1997 rate development process has been expanded to incorporate issues impacting Southwestern with respect to the Federal Energy Regulatory

Commission's Order No. 888 on open transmission access. Consequently, an extension of the current rates is needed to provide sufficient time in which to comply with the public participation process required by 10 CFR 903. Southwestern is developing open access tariffs consistent with Order No. 888. Southwestern has announced in the **Federal Register** on August 22, 1997, a 90-day public comment period on the FY 1997 proposed rates with a planned implementation on January 1, 1998.

Discussion

The existing Integrated System rates are based on the FY 1990 PRS. PRSs have been completed on the Integrated System each year since approval of the existing rates. Rate changes identified by the PRSs since that period have indicated the need for minimal rate increases or decreases. Since the revenue changes reflected by the PRSs were within Southwestern's plus-or-minus two percent Rate Adjustment Threshold, these rate adjustments were deferred in the best interest of the government and provided for the subsequent year's PRS to determine the appropriate level of revenues needed for the next rate period.

The FY 1997 PRS indicates the need for an annual revenue increase of 3.3 percent (\$3,212,635). A rate adjustment of this magnitude, together with the need to revise rate schedules to address the intent of FERC's Order No. 888, requires a formal rate filing. With existing rates expiring on September 30, 1997, Southwestern proposes to extend the existing rates for a six-month period ending September 30, 1998, on a temporary basis under the implementation authorities noted in 10 CFR 903.22(h) and 903.23(b) to provide sufficient time to complete the FY 1997 proposed rate development.

Southwestern continues to make significant progress toward repayment of the Federal investment in the Integrated System. Through FY 1996, cumulative amortization for the Integrated System was over \$369 million, which represents approximately 37 percent of the \$1 billion cumulative Federal investment for the Integrated System. The repayment status has increased over 100 percent since the existing rates were placed in effect.

Inquiries regarding this rate extension may be addressed to Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, One West Third Street, Tulsa, Oklahoma 74101-1619.

Order

In view of the foregoing and pursuant to the authority delegated to me by the Secretary of Energy, I hereby extend on an interim basis, for the period of six months, effective October 1, 1997, the current FERC-approved Integrated System Rates for the sale of power and energy.

Dated: September 19, 1997.

Elizabeth A. Moler,

Deputy Secretary.

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DEPARTMENT OF ENERGY

Western Area Power Administration

Boulder Canyon Project—Notice of Firm Power Service Base Charge

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of base charge.

SUMMARY: Notice is given of the confirmation and approval by the Deputy Secretary of the Department of Energy (DOE) of the Base Charge and its components for the Boulder Canyon Project (BCP) firm power service. The Fiscal Year (FY) 1998 Base Charge and its components for BCP firm power are based on an Annual Revenue Requirement of \$43,479,183. The Base Charge consists of an energy dollar amount of \$22,527,359 and a capacity dollar amount of \$20,951,824. This Base Charge and its components are used for calculating the monthly charges and forecast rates pursuant to Rate Schedule BCP-F5 as approved by the Federal Energy Regulatory Commission (FERC) on April 19, 1996 (Rate Order No. WAPA-70).

DATES: The Base Charge and its components, used in calculating the monthly charges and forecast rates pursuant to Rate Schedule BCP-F5, will be effective on the first day of the first full billing period beginning on or after October 1, 1997, and will be in effect through FY 1998.

FOR FURTHER INFORMATION CONTACT:

Mr. J. Tyler Carlson, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, (602) 352-2453.

Mr. Joel K. Bladow, Assistant Administrator for Power Marketing Liaison, Western Area Power Administration, Room 8G-027, Forrestal Building, 1000 Independence Avenue, SW.,

Washington, DC 20585-0001, (202) 586-5581.

SUPPLEMENTARY INFORMATION: The Base Charge and its components were calculated in accordance with the methodology approved under Rate Order WAPA-70. The Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR Part 903, have been followed by Western Area Power Administration (Western) in determining the Base Charge and its components. The following summarizes the steps taken by Western to ensure involvement of all interested parties in the determination of the Base Charge and its components:

1. On April 18, 1997, a letter was mailed from Western's Desert Southwest Customer Service Regional Office to all BCP customers and other interested parties. The letter provided a copy of the BCP Proposed Rate Adjustment data, dated April 18, 1997.

2. Discussion of the proposed Base Charge and its components was initiated at an informal BCP Contractor meeting held on May 6, 1997, in Phoenix, Arizona. At this informal meeting, representatives from Western and the Bureau of Reclamation (Reclamation) explained the basis for estimates used in the calculation of the Base Charge and its components. A question and answer session was convened for those persons attending.

3. A **Federal Register** Notice (FRN) was published on May 7, 1997 (62 FR 24913), officially announcing the proposed Base Charge adjustment process, initiating the public consultation and comment period, announcing the public information and public comment forums, and presenting procedures for public participation.

4. At the public information forum held on May 15, 1997, in Phoenix, Arizona, Western and Reclamation representatives explained the proposed Base Charge and its components for Rate Year 1998 in greater detail. A question and answer session was convened for those persons attending. A response to a data request from the public information forum was mailed to the customers on June 2, 1997.

5. A public comment forum was held on June 12, 1997, in Phoenix, Arizona, to give the public an opportunity to comment for the record. Three persons representing customers and customer groups made oral comments. A response to the comments and data requests from the public comment forum was mailed to the customers on July 18, 1997.

6. Three comment letters were received during the 90-day consultation